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FINANCIAL ASPECTS OF CUBAN INSPECTION

PEDERSEN WAS INFORMED THAT U THANT, IN CONVERSATION WITH YOST, INDICATED DOUBT ABOUT HIS LEGAL AUTHORITY TO PAY COSTS OF INSPECTORS OF INTERNATIONAL RED CROSS WITHOUT SC AUTHORIZATION. AT PEDERSEN'S INSTRUCTION, SCHWEBEL SUBSEQUENTLY SAW STAVROPOULOS (SECRETARIAT) AND POINTED OUT SYG'S AUTHORITY RESPECTING UN-FORESEEN EXPENSES. STAVROPOULOS AGREED THERE IS NO LEGAL DIFFICULTY WHATSOEVER, AND SAID HE WOULD SO ADVISE SYG AND CONTROLLER. SUBSEQUENTLY, STAVROPOULOS TELEPHONED THAT HE HAD MET WITH U THANT, NARASIMHAN, AND CONTROLLER, WHO ACCDED TO HIS VIEW THAT THERE IS NO LEGAL BARRIER TO SYG AUTHORIZING UN PAYMENT OF INSPECTORS. STAVROPOULOS WAS ASKED TO PREPARE LEGAL MEMORANDUM TO THAT EFFECT.

HOWEVER, STAVROPOULOS SAID HE BELIEVED BATTLE WAS "ALREADY ALMOST LOST" NOT ON LEGAL BUT ON POLITICAL GROUNDS. "THE OTHERS", STAVROPOULOS SAID (PERHAPS ALLUDING TO NARASIMHAN AND LOUTFI), HAD ALREADY PERSUADED SYG THAT SMALLER MEMBERS MIGHT RAISE OUTCRY OVER EXPENDITURE WHEN SUPPLEMENTARY ESTIMATES CAME BEFORE ASSEMBLY LATER. STAVROPOULOS INDICATED THAT U THANT ACCORDINGLY APPEARED PERSUADED THAT US SHOULD PAY ALL OF COSTS OF INSPECTORATE. SCHWEBEL RESPONDED THAT UN PAYMENT OBVIOUSLY WOULD BE LEGAL AND WHOLLY APPROPRIATE, AND THAT

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POLITICAL IMPLICATION OF US BEING CHARGED WITH WHOLE BILL WOULD BE VIEWED BY WASHINGTON AS UNACCEPTABLE. STAVROPOULOS SAID THAT WAS PUTTING IT MILDLY; THAT RUSSIANS MIGHT WELL PUT UAR UP TO SAYING IN GA THAT AGGRESSOR HAD PAID OR SHOULD PAY IN CUBAN CASE AS AGGRESSORS SHOULD HAVE PAID IN SUEZ. STAVROPOULOS SAID HE HAD TOLD SYG THAT THERE WAS NO QUESTION OF ANY MEMBER BEING FOUND AGGRESSOR, IN CUBAN CASE AS MATTER OF LAW, AND THAT IT WOULD BE DANGEROUS PRECEDENT FOR UN NOT TO MEET EXPENSES OF INSPECTORS. MOREOVER, HE HAD SAID, HE DID NOT BELIEVE THERE WOULD BE OBJECTION IN GA; MORE LIKELY SUPPLEMENTARY ESTIMATES WOULD SLIP BY "ALMOST UNNOTICED". BUT STAVROPOULOS ADVISED HE DID NOT BELIEVE HIS ARGUMENTS WOULD CARRY. HE SUGGESTED USG MIGHT WISH TO MAKE HIGH LEVEL APPROACH TO U THANT INSISTING THAT EXPENSES BE MET BY UN. STAVROPOULOS SAID THE ESTIMATES WERE TRIVIAL, PERHAPS AS LITTLE AS \$30-40,000. SYG IS MEETING WITH RUSSIANS NOVEMBER 3, STAVROPOULOS BELIEVED AT 11:00 AM, TO DISCUSS FINANCING, AND HE COUNSELED US TO MAKE REPRESENTATION TO SYG BEFORE. IF SUCH DEMARCHE FAILED, STAVROPOULOS SUGGESTED AS LAST RESORT USG MIGHT ENDEAVOR TO REACH AGREEMENT WITH RUSSIANS FOR UN MEETING EXPENSES, IMPLYING THAT, WITH SUCH AGREEMENT, U THANT WOULD ALTER HIS VIEW.

COMMENT: THIS LAST STATEMENT OF STAVROPOULOS UNCLEAR; POSSIBLY STAVROPOULOS MEANT USG SHOULD ENDEAVOR TO ARRIVE AT SHARING OF COSTS WITH USSR, ALONG LINE OF NEW GUINEA PRECEDENT.

EARLIER IN AFTERNOON, CLEVELAND ADVISED USUN ITEM THIS SIZE SHOULD BE PART OF REGULAR BUDGET. KLUTZNICK IN FULL AGREEMENT.

MISSION BELIEVES IT SHOULD VIGOROUSLY SUGGEST TO U THANT THAT LEGALLY THERE ARE NO DIFFICULTIES IN WAY OF SYG'S AUTHORIZING EXPENDITURE AND POLITICALLY THIS HIGHLY DESIRABLE, BOTH IN TERMS OF IMMEDIATE ISSUE AND UN PRECEDENT. OBVIOUSLY, SUCH EXPENSES MUST BE MET; US WILL PAY ITS SHARE; AND WILL SUPPORT SYG IN GA IF ANY QUESTION RAISED. SYG MIGHT NAIL DOWN HIS AUTHORITY, WHICH IN ANY CASE WHOLLY ADEQUATE, BY REPORTING TO EVENTUAL MEETING OF SC WHAT FINANCIAL MEASURES HE HAS TAKEN. PRESIDENT OF SC MIGHT NOTE SYG'S REPORT IN HIS SUMMING UP.

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UNLESS INSTRUCTED TO CONTRARY, AND IF INQUIRY NOVEMBER 3 OF WHAT U THANT HAS BEEN TOLD BY USG DOES NOT REQUIRE OTHERWISE, MISSION PLANS TO MAKE APPROACH ALONG FOREGOING LINES.

STAVROPOULOS ALSO STATED, IN RESPECT OF WHAT HE DESCRIBED AS EIGHT-PARAGRAPH PROPOSAL OF USG ENTITLED "VERIFICATION PROCEDURES" THAT PARAGRAPH SEVEN, WHICH PROVIDES THAT UN WOULD REQUEST ALL SHIPS TO ADMIT RED CROSS INSPECTORS, RAISES PROBLEMS. WHAT DOES USG MEAN BY "UNITED NATIONS"? STAVROPOULOS SAID CERTAINLY SYG HAS NO AUTHORITY TO MAKE SUCH REQUEST OF SHIPS OF ALL FLAGS. FOR SUCH REQUEST, IN HIS VIEW, SC MEETING NECESSARY, AND, STAVROPOULOS ADDED "I DO NOT THINK THE SECURITY COUNCIL WILL VOTE TO THAT EFFECT". IT WAS ONE THING FOR INSPECTORS TO INSPECT RUSSIAN SHIPS WITH RUSSIAN PERMISSION, HE SAID; INSPECTION OF SHIPS OF OTHER FLAGS DIFFICULT, PERHAPS EVEN OF SHIPS CHARTERED BY USSR. RED CROSS ALREADY HAD INDICATED SENSITIVITY TO CASTRO'S OBJECTIONS. STAVROPOULOS REQUESTED MISSION TO STUDY DRAFT AGREEMENT, PARTICULARLY DIFFICULTIES RAISED BY PARAGRAPH SEVEN. (NEITHER PEDERSEN NOR SCHWEBEL HAVE SEEN SUCH DOCUMENT.)

EFFORTS MADE BEFORE DISPATCH THIS CABLE TO CONTACT STEVENSON, MCCLOY AND YOST UNAVAILING, BUT KLUTZNICK AND PEDERSEN HAVE AUTHORIZED DISPATCH.

STEVENSON

DMJ

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